

April 16, 1970

Office of the White House Press Secretary

-----  
THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

My message of April 3 outlined the preliminary agreement that the Government reached with its postal employees after the end of the recent postal work stoppage.

In that agreement, the Post Office Department and the postal employee organizations affiliated with the AFL-CIO undertook to negotiate and jointly sponsor a postal reorganization and pay bill to be recommended to the Congress as a measure that could ultimately lead to a cure of the problems that have been festering for years in the postal system.

The negotiations went forward in an atmosphere of good will and good faith on both sides, and they have now culminated in agreement on a legislative proposal that would:

-- Convert the Post Office Department into an independent establishment in the Executive Branch of the Government, freed from direct political pressures and endowed with the means of building a truly superior mail service.

-- Provide a framework within which postal employees in all parts of the country can bargain collectively with postal management over pay and working conditions.

-- Increase the pay of postal employees by 8%, over and above the Government-wide increase of 6%, and shorten the time required to reach the top pay step for most postal jobs.

I support the proposed legislation that has been agreed to in the negotiations between the Post Office Department and the postal unions, and in transmitting it to the Congress I urge that it be given prompt and favorable consideration.

The Secretary of Treasury is sending to the Congress shortly the detailed legislative proposals necessary to accelerate the collection of estate and gift taxes which will pay for the 6% governmentwide pay raise.

I. The United States Postal Service

The negotiators quickly agreed that the structure of the nation's postal establishment should be one that would permit the postal system to operate on an independent, self-contained basis. This means that for the first time in generations, the Post Office would be run by people whose authority would be commensurate with their responsibilities; it means that the Post Office would carry its own burden and not be a burden to the taxpayer; and it means that the Post Office would serve the public interest of all Americans and not the political interest of any individual or group of individuals.

more



Fourteen months ago, I pledged that this Administration would do its best to end the system of political patronage that has plagued the Post Office for the better part of the past two centuries. We have kept that promise. Looking to the future, however, I believe that only basic changes in the system can provide permanent insurance against a rebirth of partisan politics in the Post Office.

The proposed legislation that the postal negotiators have agreed upon, and that I now endorse, would build a permanent firewall between postal affairs and political patronage.

I propose that the Post Office Department be reorganized as an independent establishment known as "The United States Postal Service." The new establishment would be organized in a way designed to make it at least as free from partisan political pressure as are such presently existing independent establishments as the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission, and the National Aeronautics and Space Administration.

The Postmaster General would no longer be a member of the Cabinet, under this proposal, and the Postal Service would be insulated from direct control by the President, the Bureau of the Budget and the Congress.

Instead of being appointed directly by the President, the Postmaster General would be selected by nine public members of a bipartisan Commission on Postal Costs and Revenues. These nine Commissioners -- not more than five of whom could be from the same political party -- would serve nine-year statutory terms, under appointment by the President with the advice and consent of the Senate. The Postmaster General, who would hold office at the pleasure of the Commissioners, would be vested with full authority to manage the day-to-day operations of the Postal Service.

The legislation would provide the new Postal Service with the means of achieving:

- Continuity of top management, with the tenure of the Postmaster General based on performance and not on politics.

- Appropriate control over postal rates, with a Postal Rate Board holding full and fair hearings on rate changes proposed by the Postmaster General, and with either House of Congress being empowered to veto proposed rate changes by a two-thirds vote.

- A self-supporting postal system.

- A workable method of raising necessary funds by borrowing from the Treasury Department or from the general public.

- Collective bargaining over wages, hours and, in general, all working conditions that are subject to collective bargaining in the private sector.

A proposal for massive reorganization of a Government organization as important as the Post Office Department should, obviously, receive careful study before it is adopted. Fortunately, the question of postal reform has been receiving intensive scrutiny, both in Congress and in the country at large, ever since my basic postal reform proposal was sent to the Congress last May. During that time the need for fundamental reform of the postal system has come to be almost universally recognized, and I suggest that further delay in starting on the road toward postal excellence would be indefensible.

more



## II. Postal Employee-Management Relations

The negotiators have agreed that there should be a statutory framework for collective bargaining in the postal establishment resembling that of private industry.

The people of this nation cannot and will not submit to the coercion of strikes by employees of the Federal Government. Since strikes by employees of the new Postal Service must be prohibited, a workable alternative to strikes must be provided -- an absolutely impartial means of resolving differences between postal management and postal employees without the public being subjected to interruptions in the postal service. That is what the proposed legislation agreed upon by the postal negotiators provides.

I propose that the new United States Postal Service be empowered to engage in collective bargaining with recognized employee organizations over wages, hours, and working conditions generally, with negotiating impasses being finally resolved, if necessary, by binding arbitration.

Determination of national collective bargaining units, recognition of collective bargaining representatives and adjudication of unfair labor practice charges would be handled by the National Labor Relations Board under procedures similar to those that have long been followed in the private sector.

In addition to wages and hours, matters that are subject to collective bargaining would include such things as grievance procedures, final and binding arbitration of disputes, seniority rights, holidays and vacations, life insurance, medical insurance, training and promotion procedures. Employee benefits enjoyed today would be carried forward, and, in the case of rank and file postal employees, any change in such benefits would be subject to the collective bargaining process.

Negotiations over new labor agreements would be expected to begin ninety days before the expiration of existing agreements. There would be a statutory guarantee of final and binding third party arbitration to resolve negotiating impasses after a ninety day cooling-off period, during which time an outside fact-finding panel would try to assist the parties in reaching agreement. Opportunities for mediation and conciliation would also be provided.

All postal employees would retain their full benefits under the Civil Service retirement system and under the existing Federal workmen's compensation laws. The provisions of the Veterans Preference Act would apply, as would the provisions of Title VI of the Civil Rights Act of 1964. The labor standards provisions to which Government contracts generally are made subject would be applicable to contracts entered into by the new Postal Service to the same extent as elsewhere in the government.

Finally, the right of every postal employee to petition Congress would be expressly preserved by statute.

## III. Postal Pay

In many parts of the country -- particularly in our great urban areas -- the pay of postal employees has lagged seriously behind the pay received for comparable work by employees in private industry. The general 6% increase has alleviated that problem for most employees of the Federal Government, but it fails to take into account two important considerations that are unique to the Postal Service:

more



-- The need to offset the limited opportunities for job advancement that most postal workers have traditionally faced.

-- The need to allow postal workers to share the benefits of the increases in efficiency and productivity that should be attainable under a properly reorganized postal system.

These factors played an important part in the thinking of the postal negotiators during their discussions on the pay question.

I propose an additional pay increase of 8% for postal employees, effective immediately upon enactment of the reorganization law, with prompt collective bargaining over pay schedules under which the time required for rank and file postal employees to reach the top pay step in their respective labor grades would be compressed to not more than eight years.

#### IV. Postal Rates

As the new Postal Service will be self-contained, so should it be self-supporting; as it will be non-profit, so should it be non-loss.

If the pay increases that the postal negotiators have agreed to recommend are put into effect promptly, and if postal rates were to remain where they are today, postal expenditures would exceed postal income in 1971 by approximately two and one-half billion dollars.

A postal deficit of this magnitude would be indefensible at any time; during a period when inflation is threatening the economic well-being of every American family, such a deficit would be totally irresponsible.

Less than two weeks ago I proposed a plan for raising first, second and third class postage rates to a level that would bring postal income fully into balance with anticipated postal expenditures. This plan included a proposal for increasing the price of the first class stamp to ten cents. Understandably, the proposed increase met with limited enthusiasm, and I am not insensitive to the widespread concern that this proposal evoked. Nevertheless, the need for the additional revenue exists, and the proposal highlighted the true cost to the user of our mail service.

In the course of negotiations, the parties considered an alternative proposal that would provide a transitional rate policy designed to cushion the immediate effect of the application of the principle of pay-as-you-go on the users of the mail. The alternative approach, to be incorporated in the reorganization bill, would require the general taxpayer to pay 10% of the total cost of the new postal service in the first year. The percentage of taxpayer support would decline each year until the end of 1977, when the mails would be completely self-supporting except for continuing appropriations to reimburse the Postal Service for revenue lost on mail carried for non-profit organizations and other groups entitled by law to use the mail free or at specially reduced rates.

Though the goal would be delayed, acceptance of the principle of a true pay-as-you-go postal service - even in stages - is a fundamental breakthrough.

I would prefer an immediate end to general subsidization by the taxpayer; but since the principles of pay-as-you-go and postal reform are of basic importance, I am ready to accept this gradual but steady approach to that goal.

more



I would also prefer the method of raising most of the needed new revenues from the business organizations that are the principal users of first class mail. Again, however, I consider the principles of pay-as-you-go and postal reform to be overriding, and I am willing to make adjustments in my original proposals so as to raise more revenues from other classes of mail.

In the interest of making realistic progress toward the objective of bringing postal expenditures into balance with postal revenues, I now propose to

- Increase the price of the first class stamp by one third, from six cents to eight cents.
- Keep the price of the air mail stamp at ten cents.
- Increase the average second class postage rate by one half.
- Increase third class bulk and single piece rates by one third (the same percentage increase as first-class).

These rate increases would generate additional revenues of more than \$1.5 billion -- enough, with the temporary 10% contribution by the Federal taxpayer, to put the new, independent United States Postal Service on the road to a sound, pay-as-you-go operation.

#### V. Toward Postal Excellence

Mail users, postal employees and the nation as a whole have gone through a long ordeal in reaching the threshold of basic postal reform -- but we have come a long way.

The Congress is now presented with an opportunity to pass legislation that will bring a new measure of fairness to postal employees, a new efficiency to the system itself, and long overdue equity to the taxpayer.

Neither better pay nor better organization will, in and of itself, guarantee better mail service.

Laws do not move the mail, nor do dollars. What moves the mail is people -- people who have the will to excel, the will to do their work to the very best of their ability.

The United States is fortunate to have such people in its postal system today. As the Postmaster General has urged, these people must be retained; in the years ahead, more like them must be recruited. This legislation would represent an important step toward that end.

Enactment of the legislation that I now propose would give our postal employees the means to attain a goal they have never before had the means of attaining -- the goal of building, in America, the best postal system in the world.

That is a goal worth striving for. With this postal reform legislation, it is a goal that can be achieved. I hope the Congress will lose no time in enacting the laws that are needed to let our postal people get on with the job.

RICHARD NIXON

THE WHITE HOUSE,

April 16, 1970.

# # #



APRIL 16, 1970

Office of the White House Press Secretary

---

THE WHITE HOUSEFACT SHEET  
THE POSTAL REORGANIZATION AND  
SALARY ADJUSTMENT ACT OF 1970

1. Title I of the proposed legislation would provide for creation of "an independent establishment" in the Executive branch of the Government, appropriately insulated from direct control by the Congress, the White House, the Budget Bureau, or the Treasury, to be known as the United States Postal Service. The independent establishment would be charged with providing a postal system adapted to "the needs of all the people."
2. The operating head of the Postal Service would be a Postmaster General, to be named by nine "Commissioners on Postal Costs and Revenues" (not more than five from any one political party) appointed by the President with the advice and consent of the Senate. The Postmaster General, who would not be a member of the President's Cabinet, would become the tenth member of the Commission on Postal Costs and Revenues and these ten would name an eleventh member, who would be designated Deputy Postmaster General. The eleven-member Commission would have broad authority over postage rates, rates of pay, postal services and postal finances. The Postmaster General would appoint a General Counsel and such Assistant Postmasters General as he deemed necessary.
3. The Presidentially appointed Commissioners would serve for nine-year staggered terms. The tenures of the Postmaster General and the Deputy Postmaster General would be fixed by the Commission on Postal Costs and Revenues.
4. A thirteen-member Advisory Council would be established to advise the Commission on Postal Costs and Revenues on postal rates, service, and compensation. The Postmaster General and the Deputy Postmaster General would be Chairman and Vice Chairman, respectively, of the Advisory Council, and the remaining eleven members would be appointed by the President. Four of the members would represent major mail users, four would represent postal employee organizations, and three would represent the general public.
5. The independent Postal Service would be required to "plan, develop, promote and provide adequate and efficient postal service at fair and reasonable rates and fees," to serve, as nearly as practicable, "the entire population of the United States." It would be prohibited from closing any small post office solely for operating at a deficit, "it being the intent of Congress that effective postal service be insured to residents of both urban and rural communities."
6. The proposed bill would authorize collective bargaining over wages, hours, grievance procedures, seniority rights, holidays and vacations, insurance, overtime, training, safety, leaves of absence, promotions, demotions, transfers and other matters subject to collective bargaining in the private sector, with final and binding arbitration to resolve impasses, in lieu of the right to strike.

MORE

(OVER)



7. Collective bargaining agreements would have a minimum term of two years, with negotiations on a new agreement commencing 90 days before the termination date of the then existing contract.
8. Failure to reach agreement on the terms of a new contract prior to the expiration of the old agreement would result in the appointment of a three-man fact finding board. Labor and management would each select a member of the fact finding board from a list prepared by the Federal Mediation and Conciliation Director and those two would select the third member.
9. At the expiration of a 90-day cooling off period, if there were still no agreement, the impasse would be referred to final and binding arbitration by a three-member board composed of a designee of management, a designee of labor, and a chairman chosen by the first two. The fact finding board would frame the issues to be arbitrated if the parties could not agree thereon.
10. Postal employees would become members of the "Postal Career Service." They would be covered by a newly developed federal merit personnel program which would retain the advantages of the Civil Service but provide for more flexible personnel procedures and greater opportunity for advancement. All employees would retain their full benefits under the Civil Service Retirement system. The provisions of the Veterans' Preference Act and the Workmen's Compensation system for Federal employees would continue to apply. Present fringe benefits would be retained as a floor, subject to improvement through collective bargaining.
11. Political influence on the selection or promotion of postal personnel or on the management of postal affairs would be prohibited, but the right of postal employees to petition Congress would be expressly preserved.
12. The Postal Service would be empowered to raise up to \$10 billion through the issue of bonds.
13. Final decisions in postal rates and postal services would be made by the nine public members of the Commission on Postal Costs and Revenues, after hearings by a three-man Rate Board, subject to veto by two-thirds of either House of Congress within 60 days after the decision by the Commissioners.
14. The Postal Service would be required to be generally self-supporting by January 1, 1978.
15. Title II of the proposed bill would provide an 8% pay increase to Postal employees and would require the Postal Service to negotiate a new wage schedule compressing from 21 years to 8 years the time required for a rank and file employee to move from the bottom step of his grade to the top step.
16. Promptly after enactment, collective bargaining will be required on wages, hours, and working conditions.

# # #

MORE

(OVER)



APRIL 16, 1970

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

---

THE WHITE HOUSE  
PRESS CONFERENCE  
OF  
WINTON M. BLOUNT, POSTMASTER GENERAL  
AND  
GEORGE MEANY, PRESIDENT OF AFL-CIO  
THE BRIEFING ROOM

AT 12:10 P.M. EST.

POSTMASTER GENERAL BLOUNT: Ladies and Gentlemen:

This is a rather historic day for the Postal Department. There has been wide recognition for a number of years that some form of reorganization of the Post Office Department was badly needed. The argument has been over what form that reorganization should take.

With the development of the plan that has been distributed to you today, representatives of the employee unions and the Administration have come to an agreement through the collective bargaining process on the form of this reorganization, which we intend to recommend to the Congress.

This agreement represents a major step toward enactment. Also embodied in this plan are procedures for the first true collective bargaining for public employees, which represents a major step in modernizing the relationship between Government and its employees.

I cannot overemphasize how important the reforms embodied in this plan are to every American who is interested in better postal service, to every postal employee who is interested in better career opportunities and to every taxpayer who is interested in the efficiency of the Post Office Department.

Upon enactment of this plan into law, the postal management will have, for the first time, the authority to effectively manage the postal system. For the first time we will have sufficient funds for modernizing outdated postal facilities by virtue of the authority to issue bonds and for the first time Federal employees can function within modern labor relations framework as their counterparts in the private industrial sector have for so many years.

Finally, the provisions of this plan for the settlement of impasses which include a cooling off period, fact finding, and final resort to binding arbitration, will work to prevent another work stoppage of the kind we recently experienced.

This agreement, however, represents only the first step. Final action must be taken by the Congress, and I join with President Nixon and Mr. Meany and the Presidents of all of the postal unions in urging the Congress to take prompt and favorable action on this important measure.

MORE



The negotiators have worked long and hard in drafting this reorganization plan, but without the statesmanlike leadership and cooperation of Mr. Meany and Mr. Kirkland and the other members of the AFL-CIO and the Presidents of the postal unions, we would not have gotten it accomplished.

We are deeply indebted to those who have participated in a willing spirit on both sides and deeply grateful to Mr. Meany for his leadership in this area.

Mr. Meany.

MR. MEANY: This is one of the most significant events in the history of collective bargaining. This legislation which the Administration will introduce and which we will support in Congress, is proof positive that collective bargaining is viable and effective.

Employees of the Government have exactly the same desires and aspirations as do employees in the private sector of our economy. They have the same need for self-expression and self-determination and the process of collective bargaining on the conditions under which they labor is just as valid in public employment as it is elsewhere in labor or management relations.

This bill will bring to postal workers a measure of economic justice which has long been delayed. As soon as it becomes law, and we trust that day will be soon, postal workers will receive an eight percent wage increase, and the time it takes a worker to reach the top of his grade will be compressed from an intolerable 21 years to a realistic eight years, or perhaps less.

In the negotiations which have just been successfully concluded, the fundamental ingredient of collective bargaining, good faith on both sides of the table, was demonstrated to marked degree and it is a pleasure to publicly today report this fact.

We in the AFL-CIO, quite candidly, see these negotiations as setting the stage for the future. We believe that collective bargaining can be and should be extended to all workers in the Federal Government.

On behalf of the AFL-CIO, I want to express our appreciation to President Nixon, to the Postmaster General and his associates and to the leaders of the seven postal unions involved. The commitment they all made to the democratic principle of free collective bargaining marks a new day in Federal employee relationships.

We will join with the President in urging the Congress to give this measure in its entirety the prompt and favorable support it deserves so that the President can sign the bill into law in the every near future.

POSTMASTER GENERAL BLOUNT: Are there any questions?

MORE



Q What assurance do you have from the Chairman of the Committees in Congress that they will approve this legislation and put it through Congress?

POSTMASTER GENERAL BLOUNT: We have made an effort to keep the Members of Congress, particularly the Chairmen and ranking members of both committees, advised of the discussions that we were having with the unions. We have made an effort to incorporate as much of the language and the various ideas in the different bills that have been proposed into this bill as possible, and I am very hopeful that not only the committees but the entire Congress will take prompt action.

Q Mr. Meany, this message talks about the need to prohibit strikes in the postal service, and talks about binding arbitration between the framework of collective bargaining. Does that represent a change on your part about the right to strike?

MR. MEANY: No, it does not represent a change on our part. These are Federal employees and they do not, under the law, have the right to strike, but we are very practical people, and we realize, and I am sure that everybody in Government must realize, that whether you have a law prohibiting strikes, unless you have economic justice, you are going to have strikes anyway, as witness what happened about three weeks ago.

Q Mr. Blount, what is the difference between this corporation in this proposal and the original corporation that the President proposed? Is there any substantial difference?

POSTMASTER GENERAL BLOUNT: There are a number of differences, and we have tried, as I said, to incorporate as much language as possible from the various proposals, some from the Senate proposals and some from the House proposals.

This is not a corporation. This is an independent establishment within the Executive Branch of the Government. There are a number of technical differences involved.

Q Could you give us some idea what the main ones are, Mr. Blount? Why is it more acceptable now than it was before?

POSTMASTER GENERAL BLOUNT: Well, I think that one of the things that we have talked about since introducing this legislation was that it affected not only the 200 million people in this country, but it affected all of the 750,000 employees of the Post Office Department, and it would require a great deal of examination by all of these interested groups of this new procedure and new approach.

I think what we are reporting here today is complete agreement on the part of the Presidents of the seven exclusive unions and the AFL-CIO on this package. I think that significant difference implies the soon acceptance by the Congress.

MORE



Q Mr. Meany had an answer for the same question. Could we hear that?

MR. MEANY: Well, my answer was very simple, that the big difference between what you had in Kappel report and the previous recommendations is that here and now one basic area of disagreement has been completely removed; the Government and the unions are in agreement. That is the difference.

Q The section on the pay and other employee benefits leaves the compression of the pay scale from one to eight years as a matter to be negotiated. It does not stipulate that this will be done as part of the pay increase.

MR. MEANY: This will part a part of the legislation.

POSTMASTER GENERAL BLOUNT: It stipulates it will be accomplished, but the manner in which it will be accomplished will be negotiated as far as details.

MORE



Q Will the bonds of this new agency be guaranteed by the Treasury of the Federal Government?

POSTMASTER GENERAL BLOUNT: We will have a call on the Treasury Department for \$2 billion of the \$10 billion we are authorized to borrow. The Treasury is authorized to purchase, if they so choose, but they are not required to. Then we will be required to seek sale of these bonds in the public market without the full faith and credit of the Federal Government.

Q How will local post office officials be appointed or named?

POSTMASTER GENERAL BLOUNT: Strictly on the merit system.

Q The President has set a 1972 deadline to put the new service on a self-sustaining basis. I think before we talked about self-sustaining in five years.

POSTMASTER GENERAL BLOUNT: I believe it was 1978.

Q I meant 1978. Is this a pullback from your earlier anticipation as self-supporting in five years?

POSTMASTER GENERAL BLOUNT: This is similar legislation as was passed out of the House Post Office Committee where we adopted a transitional rate-making philosophy over a period of between now and January 1, 1978.

Q This provides for a transitional support of the budget of 10 percent from the general taxation. How does that compare with the present deficit?

POSTMASTER GENERAL BLOUNT: In the first year it is 10 percent and it reduces each year until January 1, 1978. What we have remaining is the public service subsidy for reduced rate mail that the Congress chooses to have the Department carry.

Q How would that 10 percent compare with the current deficit that is financed out of taxation?

POSTMASTER GENERAL BLOUNT: It will be very similar at the present time. Next year it will be less and on a reducing scale, unless it phases out.

Q Why do you feel you need this 13-member advisory council in addition to the 11-member commission, and are the members of that advisory council also subject to Senate confirmation?

POSTMASTER GENERAL BLOUNT: No, they are not subject to Senate confirmation. I think this advisory council will serve a purpose in bringing together not only the views of the major users of the post office, but the representatives of the labor union groups as well as members representing the public at large. I think it will provide a very valuable service to the management of the new Postal Department.

MORE



Q How much in dollars will this 10 percent subsidy amount to?

POSTMASTER GENERAL BLOUNT: The first year, \$850 million.

Q What is the cost of public service mail to the Post Office Department?

POSTMASTER GENERAL BLOUNT: Under the legislation we are submitting, we are going to seek reimbursement for the cost of carrying mail at reduced rates on what is called the revenue foregone principle. Under that principle the subsidy as of today, if this principle went into effect, would be about \$300 million a year. However, under the law that exists now which is not on the revenue foregone principle, the subsidy is around \$800 million.

Q Would it be possible for the unions to negotiate union shop contracts that would require postal workers to join a union?

POSTMASTER GENERAL BLOUNT: Generally, all matters that are subject to bargaining in the private sector will be subject to bargaining between these parties. That is true in most areas. That is a bargainable issue.

Q Do you have any timetable for when you expect this bill to be enacted and put into force?

POSTMASTER GENERAL BLOUNT: Well, we would hope that it will be enacted fairly promptly. You must remember that the Congress has been having hearings on this legislation now for almost a year. We have had extensive hearings in both houses. This agreed bill incorporates most of the principles that we have been dealing with. There is a principal factor involved here and that is that the 8 percent pay increase for postal employees goes into effect as soon as this bill is enacted into law and we are hopeful that it will be passed very soon.

Q General Blount, are the revised postal rate proposal and the reform bill going to be single legislation or are they separate bills?

POSTMASTER GENERAL BLOUNT: They will be separate bills. The matter of rate legislation is not a matter on which we had collective bargaining with the unions. That will be separate legislation and a responsibility of the President to send up. Although it may be in the same message, the bills themselves will be separate.

Q Is this new revised rate proposal an admission that the earlier proposal had no support at all?

POSTMASTER GENERAL BLOUNT: No. What it does is incorporate the transition of the rate-making philosophy that I described earlier. Instead of going to an immediate pay-as-you-go basis, it gives us time to reach a pay-as-you-go status over a period of a few short years.

MORE



Q What is your anticipated deficit for fiscal 71 under the new revenue proposals?

POSTMASTER GENERAL BLOUNT: Well, without the new revenue proposals the anticipated cash deficit is about \$1.5 billion. These revenue proposals will, of course, tend to reduce that, but at the same time the cost increases, because of these wage increases, will tend to increase it. Let me state positively that if this legislation is enacted, not only the rate bill, but the reorganization bill, the Post Office Department will then be in a break-even position.

Q General Blount, in the President's message he refers to the fact that less than two weeks ago he proposed a plan for raising first, second and third class mail. I don't recall any second class mail proposal.

POSTMASTER GENERAL BLOUNT: It did provide for about a 15 percent increase in second class.

Q I thought that was parcel post.

POSTMASTER GENERAL BLOUNT: Parcel post was also raised, but the proposals did include second, third and first class increases.

Q Are you saying that if this rate proposal is passed and the reorganization with the wage increase is passed you will have no deficit in 1971?

POSTMASTER GENERAL BLOUNT: Because of the built-in 10 percent subsidy that we have in the reorganization legislation.

Q That subsidy is the deficit; isn't it?

POSTMASTER GENERAL BLOUNT: The Post Office Department will, for its rate-making purposes, not have a deficit.

Q How much is the subsidy going to amount to?

POSTMASTER GENERAL BLOUNT: About \$800 million in the first year. That will be reducing until 1978 when it phases out.

THE PRESS: Thank you.

END

(AT 12:25 P.M. EST)



Office of the White House Press Secretary

---

THE WHITE HOUSEFACT SHEET  
THE POSTAL REVENUE ACT OF 1970

1. The President has noted, "As the new Postal Service (to be established by the Postal Reorganization and Salary Adjustment Act of 1970) will be self-contained, so should it be self-supporting; as it will be non-profit, so should it be non-loss."
2. With enactment of the Postal Reorganization and Salary Adjustment Act, postal expenditures would exceed postal income in 1971 by approximately \$2.5 billion, unless there is an appropriate increase in revenue to cover the cost.
3. On April 3, the President proposed a plan for raising first, second and third class postage rates to a level that would bring postal income fully into balance with anticipated postal expenditures. The plan included increasing the price of a first class stamp to ten cents.
4. Since the President proposed the revenue increase plan, a policy proposal has emerged from negotiations between the seven exclusive bargaining postal unions and the Post Office Department, under which 10 per cent of the total of the new postal service in the first year would come from the Treasury with that percentage of support declining each year until the service is completely self-supporting, except for public service subsidies specifically authorized by Congress. This would permit a gradual phase-out of the public service write-off now appropriated by Congress, and an assumption of this responsibility by the Postal Service. The target date for this self-support would be the end of calendar year 1977.
5. In view of this policy, which represents a gradual but steady approach to the pay-as-you-go principle endorsed by the President, he has recommended that the cost of a first class stamp be increased from the present six cents to eight cents, rather than 10 cents.
6. The President has proposed that the price of the air mail stamp be retained at ten cents.
7. He has asked that the average second class postage rate be increased by 50 per cent. (Second class mail consists, primarily, of newspapers and magazines.)
8. He has proposed a 33 per cent increase in the basic third class (advertising) mail rate -- the same percentage increase as that applied to first class mail.
9. These increases, plus increases in the rates of several other types of mail, will generate additional revenues of more than \$1.5 billion -- enough, with the temporary 10 per cent contribution from the Treasury -- to put the new, independent United States Postal Service on the road to a sound, pay-as-you-go basis.
10. The rate increases would become effective commencing 45 days after enactment of the bill.

# # #



APRIL 16, 1970

Office of the White House Press Secretary

---

THE WHITE HOUSEFACT SHEET  
THE POSTAL REVENUE ACT OF 1970

1. The President has noted, "As the new Postal Service (to be established by the Postal Reorganization and Salary Adjustment Act of 1970) will be self-contained, so should it be self-supporting; as it will be non-profit, so should it be non-loss."
2. With enactment of the Postal Reorganization and Salary Adjustment Act, postal expenditures would exceed postal income in 1971 by approximately \$2.5 billion, unless there is an appropriate increase in revenue to cover the cost.
3. On April 3, the President proposed a plan for raising first, second and third class postage rates to a level that would bring postal income fully into balance with anticipated postal expenditures. The plan included increasing the price of a first class stamp to ten cents.
4. Since the President proposed the revenue increase plan, a policy proposal has emerged from negotiations between the seven exclusive bargaining postal unions and the Post Office Department, under which 10 per cent of the total of the new postal service in the first year would come from the Treasury with that percentage of support declining each year until the service is completely self-supporting, except for public service subsidies specifically authorized by Congress. This would permit a gradual phase-out of the public service write-off now appropriated by Congress, and an assumption of this responsibility by the Postal Service. The target date for this self-support would be the end of calendar year 1977.
5. In view of this policy, which represents a gradual but steady approach to the pay-as-you-go principle endorsed by the President, he has recommended that the cost of a first class stamp be increased from the present six cents to eight cents, rather than 10 cents.
6. The President has proposed that the price of the air mail stamp be retained at ten cents.
7. He has asked that the average second class postage rate be increased by 50 per cent. (Second class mail consists, primarily, of newspapers and magazines.)
8. He has proposed a 33 per cent increase in the basic third class (advertising) mail rate -- the same percentage increase as that applied to first class mail.
9. These increases, plus increases in the rates of several other types of mail, will generate additional revenues of more than \$1.5 billion -- enough, with the temporary 10 per cent contribution from the Treasury -- to put the new, independent United States Postal Service on the road to a sound, pay-as-you-go basis.
10. The rate increases would become effective commencing 45 days after enactment of the bill.

# # #



APRIL 16, 1970

## Office of the White House Press Secretary

---

THE WHITE HOUSEFACT SHEET  
THE POSTAL REORGANIZATION AND  
SALARY ADJUSTMENT ACT OF 1970

1. Title I of the proposed legislation would provide for creation of "an independent establishment" in the Executive branch of the Government, appropriately insulated from direct control by the Congress, the White House, the Budget Bureau, or the Treasury, to be known as the United States Postal Service. The independent establishment would be charged with providing a postal system adapted to "the needs of all the people."
2. The operating head of the Postal Service would be a Postmaster General, to be named by nine "Commissioners on Postal Costs and Revenues" (not more than five from any one political party) appointed by the President with the advice and consent of the Senate. The Postmaster General, who would not be a member of the President's Cabinet, would become the tenth member of the Commission on Postal Costs and Revenues and these ten would name an eleventh member, who would be designated Deputy Postmaster General. The eleven-member Commission would have broad authority over postage rates, rates of pay, postal services and postal finances. The Postmaster General would appoint a General Counsel and such Assistant Postmasters General as he deemed necessary.
3. The Presidentially appointed Commissioners would serve for nine-year staggered terms. The tenures of the Postmaster General and the Deputy Postmaster General would be fixed by the Commission on Postal Costs and Revenues.
4. A thirteen-member Advisory Council would be established to advise the Commission on Postal Costs and Revenues on postal rates, service, and compensation. The Postmaster General and the Deputy Postmaster General would be Chairman and Vice Chairman, respectively, of the Advisory Council, and the remaining eleven members would be appointed by the President. Four of the members would represent major mail users, four would represent postal employee organizations, and three would represent the general public.
5. The independent Postal Service would be required to "plan, develop, promote and provide adequate and efficient postal service at fair and reasonable rates and fees," to serve, as nearly as practicable, "the entire population of the United States." It would be prohibited from closing any small post office solely for operating at a deficit, "it being the intent of Congress that effective postal service be insured to residents of both urban and rural communities."
6. The proposed bill would authorize collective bargaining over wages, hours, grievance procedures, seniority rights, holidays and vacations, insurance, overtime, training, safety, leaves of absence, promotions, demotions, transfers and other matters subject to collective bargaining in the private sector, with final and binding arbitration to resolve impasses, in lieu of the right to strike.

MORE

(OVER)



7. Collective bargaining agreements would have a minimum term of two years, with negotiations on a new agreement commencing 90 days before the termination date of the then existing contract.
8. Failure to reach agreement on the terms of a new contract prior to the expiration of the old agreement would result in the appointment of a three-man fact finding board. Labor and management would each select a member of the fact finding board from a list prepared by the Federal Mediation and Conciliation Director and those two would select the third member.
9. At the expiration of a 90-day cooling off period, if there were still no agreement, the impasse would be referred to final and binding arbitration by a three-member board composed of a designee of management, a designee of labor, and a chairman chosen by the first two. The fact finding board would frame the issues to be arbitrated if the parties could not agree thereon.
10. Postal employees would become members of the "Postal Career Service." They would be covered by a newly developed federal merit personnel program which would retain the advantages of the Civil Service but provide for more flexible personnel procedures and greater opportunity for advancement. All employees would retain their full benefits under the Civil Service Retirement system. The provisions of the Veterans' Preference Act and the Workmen's Compensation system for Federal employees would continue to apply. Present fringe benefits would be retained as a floor, subject to improvement through collective bargaining.
11. Political influence on the selection or promotion of postal personnel or on the management of postal affairs would be prohibited, but the right of postal employees to petition Congress would be expressly preserved.
12. The Postal Service would be empowered to raise up to \$10 billion through the issue of bonds.
13. Final decisions in postal rates and postal services would be made by the nine public members of the Commission on Postal Costs and Revenues, after hearings by a three-man Rate Board, subject to veto by two-thirds of either House of Congress within 60 days after the decision by the Commissioners.
14. The Postal Service would be required to be generally self-supporting by January 1, 1978.
15. Title II of the proposed bill would provide an 8% pay increase to Postal employees and would require the Postal Service to negotiate a new wage schedule compressing from 21 years to 8 years the time required for a rank and file employee to move from the bottom step of his grade to the top step.
16. Promptly after enactment, collective bargaining will be required on wages, hours, and working conditions.

# # #

MORE

(OVER)



Office of the White House Press Secretary

---

THE WHITE HOUSEFACT SHEET  
THE POSTAL REORGANIZATION AND  
SALARY ADJUSTMENT ACT OF 1970

1. Title I of the proposed legislation would provide for creation of "an independent establishment" in the Executive branch of the Government, appropriately insulated from direct control by the Congress, the White House, the Budget Bureau, or the Treasury, to be known as the United States Postal Service. The independent establishment would be charged with providing a postal system adapted to "the needs of all the people."
2. The operating head of the Postal Service would be a Postmaster General, to be named by nine "Commissioners on Postal Costs and Revenues" (not more than five from any one political party) appointed by the President with the advice and consent of the Senate. The Postmaster General, who would not be a member of the President's Cabinet, would become the tenth member of the Commission on Postal Costs and Revenues and these ten would name an eleventh member, who would be designated Deputy Postmaster General. The eleven-member Commission would have broad authority over postage rates, rates of pay, postal services and postal finances. The Postmaster General would appoint a General Counsel and such Assistant Postmasters General as he deemed necessary.
3. The Presidentially appointed Commissioners would serve for nine-year staggered terms. The tenures of the Postmaster General and the Deputy Postmaster General would be fixed by the Commission on Postal Costs and Revenues.
4. A thirteen-member Advisory Council would be established to advise the Commission on Postal Costs and Revenues on postal rates, service, and compensation. The Postmaster General and the Deputy Postmaster General would be Chairman and Vice Chairman, respectively, of the Advisory Council, and the remaining eleven members would be appointed by the President. Four of the members would represent major mail users, four would represent postal employee organizations, and three would represent the general public.
5. The independent Postal Service would be required to "plan, develop, promote and provide adequate and efficient postal service at fair and reasonable rates and fees," to serve, as nearly as practicable, "the entire population of the United States." It would be prohibited from closing any small post office solely for operating at a deficit, "it being the intent of Congress that effective postal service be insured to residents of both urban and rural communities."
6. The proposed bill would authorize collective bargaining over wages, hours, grievance procedures, seniority rights, holidays and vacations, insurance, overtime, training, safety, leaves of absence, promotions, demotions, transfers and other matters subject to collective bargaining in the private sector, with final and binding arbitration to resolve impasses, in lieu of the right to strike.

MORE



7. Collective bargaining agreements would have a minimum term of two years, with negotiations on a new agreement commencing 90 days before the termination date of the then existing contract.
8. Failure to reach agreement on the terms of a new contract prior to the expiration of the old agreement would result in the appointment of a three-man fact finding board. Labor and management would each select a member of the fact finding board from a list prepared by the Federal Mediation and Conciliation Director and those two would select the third member.
9. At the expiration of a 90-day cooling off period, if there were still no agreement, the impasse would be referred to final and binding arbitration by a three-member board composed of a designee of management, a designee of labor, and a chairman chosen by the first two. The fact finding board would frame the issues to be arbitrated if the parties could not agree thereon.
10. Postal employees would become members of the "Postal Career Service." They would be covered by a newly developed federal merit personnel program which would retain the advantages of the Civil Service but provide for more flexible personnel procedures and greater opportunity for advancement. All employees would retain their full benefits under the Civil Service Retirement system. The provisions of the Veterans' Preference Act and the Workmen's Compensation system for Federal employees would continue to apply. Present fringe benefits would be retained as a floor, subject to improvement through collective bargaining.
11. Political influence on the selection or promotion of postal personnel or on the management of postal affairs would be prohibited, but the right of postal employees to petition Congress would be expressly preserved.
12. The Postal Service would be empowered to raise up to \$10 billion through the issue of bonds.
13. Final decisions in postal rates and postal services would be made by the nine public members of the Commission on Postal Costs and Revenues, after hearings by a three-man Rate Board, subject to veto by two-thirds of either House of Congress within 60 days after the decision by the Commissioners.
14. The Postal Service would be required to be generally self-supporting by January 1, 1978.
15. Title II of the proposed bill would provide an 8% pay increase to Postal employees and would require the Postal Service to negotiate a new wage schedule compressing from 21 years to 8 years the time required for a rank and file employee to move from the bottom step of his grade to the top step.
16. Promptly after enactment, collective bargaining will be required on wages, hours, and working conditions.

# # #



APRIL 16, 1970

Office of the White House Press Secretary

---

THE WHITE HOUSE

FACT SHEET  
THE POSTAL REORGANIZATION AND  
SALARY ADJUSTMENT ACT OF 1970

1. Title I of the proposed legislation would provide for creation of "an independent establishment" in the Executive branch of the Government, appropriately insulated from direct control by the Congress, the White House, the Budget Bureau, or the Treasury, to be known as the United States Postal Service. The independent establishment would be charged with providing a postal system adapted to "the needs of all the people."
2. The operating head of the Postal Service would be a Postmaster General, to be named by nine "Commissioners on Postal Costs and Revenues" (not more than five from any one political party) appointed by the President with the advice and consent of the Senate. The Postmaster General, who would not be a member of the President's Cabinet, would become the tenth member of the Commission on Postal Costs and Revenues and these ten would name an eleventh member, who would be designated Deputy Postmaster General. The eleven-member Commission would have broad authority over postage rates, rates of pay, postal services and postal finances. The Postmaster General would appoint a General Counsel and such Assistant Postmasters General as he deemed necessary.
3. The Presidentially appointed Commissioners would serve for nine-year staggered terms. The tenures of the Postmaster General and the Deputy Postmaster General would be fixed by the Commission on Postal Costs and Revenues.
4. A thirteen-member Advisory Council would be established to advise the Commission on Postal Costs and Revenues on postal rates, service, and compensation. The Postmaster General and the Deputy Postmaster General would be Chairman and Vice Chairman, respectively, of the Advisory Council, and the remaining eleven members would be appointed by the President. Four of the members would represent major mail users, four would represent postal employee organizations, and three would represent the general public.
5. The independent Postal Service would be required to "plan, develop, promote and provide adequate and efficient postal service at fair and reasonable rates and fees," to serve, as nearly as practicable, "the entire population of the United States." It would be prohibited from closing any small post office solely for operating at a deficit, "it being the intent of Congress that effective postal service be insured to residents of both urban and rural communities."
6. The proposed bill would authorize collective bargaining over wages, hours, grievance procedures, seniority rights, holidays and vacations, insurance, overtime, training, safety, leaves of absence, promotions, demotions, transfers and other matters subject to collective bargaining in the private sector, with final and binding arbitration to resolve impasses, in lieu of the right to strike.

MORE

(OVER)



7. Collective bargaining agreements would have a minimum term of two years, with negotiations on a new agreement commencing 90 days before the termination date of the then existing contract.
8. Failure to reach agreement on the terms of a new contract prior to the expiration of the old agreement would result in the appointment of a three-man fact finding board. Labor and management would each select a member of the fact finding board from a list prepared by the Federal Mediation and Conciliation Director and those two would select the third member.
9. At the expiration of a 90-day cooling off period, if there were still no agreement, the impasse would be referred to final and binding arbitration by a three-member board composed of a designee of management, a designee of labor, and a chairman chosen by the first two. The fact finding board would frame the issues to be arbitrated if the parties could not agree thereon.
10. Postal employees would become members of the "Postal Career Service." They would be covered by a newly developed federal merit personnel program which would retain the advantages of the Civil Service but provide for more flexible personnel procedures and greater opportunity for advancement. All employees would retain their full benefits under the Civil Service Retirement system. The provisions of the Veterans' Preference Act and the Workmen's Compensation system for Federal employees would continue to apply. Present fringe benefits would be retained as a floor, subject to improvement through collective bargaining.
11. Political influence on the selection or promotion of postal personnel or on the management of postal affairs would be prohibited, but the right of postal employees to petition Congress would be expressly preserved.
12. The Postal Service would be empowered to raise up to \$10 billion through the issue of bonds.
13. Final decisions in postal rates and postal services would be made by the nine public members of the Commission on Postal Costs and Revenues, after hearings by a three-man Rate Board, subject to veto by two-thirds of either House of Congress within 60 days after the decision by the Commissioners.
14. The Postal Service would be required to be generally self-supporting by January 1, 1978.
15. Title II of the proposed bill would provide an 8% pay increase to Postal employees and would require the Postal Service to negotiate a new wage schedule compressing from 21 years to 8 years the time required for a rank and file employee to move from the bottom step of his grade to the top step.
16. Promptly after enactment, collective bargaining will be required on wages, hours, and working conditions.

# # #

MORE

(OVER)



April 16, 1970

Office of the White House Press Secretary

-----  
THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

My message of April 3 outlined the preliminary agreement that the Government reached with its postal employees after the end of the recent postal work stoppage.

In that agreement, the Post Office Department and the postal employee organizations affiliated with the AFL-CIO undertook to negotiate and jointly sponsor a postal reorganization and pay bill to be recommended to the Congress as a measure that could ultimately lead to a cure of the problems that have been festering for years in the postal system.

The negotiations went forward in an atmosphere of good will and good faith on both sides, and they have now culminated in agreement on a legislative proposal that would:

-- Convert the Post Office Department into an independent establishment in the Executive Branch of the Government, freed from direct political pressures and endowed with the means of building a truly superior mail service.

-- Provide a framework within which postal employees in all parts of the country can bargain collectively with postal management over pay and working conditions.

-- Increase the pay of postal employees by 8%, over and above the Government-wide increase of 6%, and shorten the time required to reach the top pay step for most postal jobs.

I support the proposed legislation that has been agreed to in the negotiations between the Post Office Department and the postal unions, and in transmitting it to the Congress I urge that it be given prompt and favorable consideration.

The Secretary of Treasury is sending to the Congress shortly the detailed legislative proposals necessary to accelerate the collection of estate and gift taxes which will pay for the 6% governmentwide pay raise.

I. The United States Postal Service

The negotiators quickly agreed that the structure of the nation's postal establishment should be one that would permit the postal system to operate on an independent, self-contained basis. This means that for the first time in generations, the Post Office would be run by people whose authority would be commensurate with their responsibilities; it means that the Post Office would carry its own burden and not be a burden to the taxpayer; and it means that the Post Office would serve the public interest of all Americans and not the political interest of any individual or group of individuals.

more



Fourteen months ago, I pledged that this Administration would do its best to end the system of political patronage that has plagued the Post Office for the better part of the past two centuries. We have kept that promise. Looking to the future, however, I believe that only basic changes in the system can provide permanent insurance against a rebirth of partisan politics in the Post Office.

The proposed legislation that the postal negotiators have agreed upon, and that I now endorse, would build a permanent firewall between postal affairs and political patronage.

I propose that the Post Office Department be reorganized as an independent establishment known as "The United States Postal Service." The new establishment would be organized in a way designed to make it at least as free from partisan political pressure as are such presently existing independent establishments as the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission, and the National Aeronautics and Space Administration.

The Postmaster General would no longer be a member of the Cabinet, under this proposal, and the Postal Service would be insulated from direct control by the President, the Bureau of the Budget and the Congress.

Instead of being appointed directly by the President, the Postmaster General would be selected by nine public members of a bipartisan Commission on Postal Costs and Revenues. These nine Commissioners -- not more than five of whom could be from the same political party -- would serve nine-year statutory terms, under appointment by the President with the advice and consent of the Senate. The Postmaster General, who would hold office at the pleasure of the Commissioners, would be vested with full authority to manage the day-to-day operations of the Postal Service.

The legislation would provide the new Postal Service with the means of achieving:

- Continuity of top management, with the tenure of the Postmaster General based on performance and not on politics.

- Appropriate control over postal rates, with a Postal Rate Board holding full and fair hearings on rate changes proposed by the Postmaster General, and with either House of Congress being empowered to veto proposed rate changes by a two-thirds vote.

- A self-supporting postal system.

- A workable method of raising necessary funds by borrowing from the Treasury Department or from the general public.

- Collective bargaining over wages, hours and, in general, all working conditions that are subject to collective bargaining in the private sector.

A proposal for massive reorganization of a Government organization as important as the Post Office Department should, obviously, receive careful study before it is adopted. Fortunately, the question of postal reform has been receiving intensive scrutiny, both in Congress and in the country at large, ever since my basic postal reform proposal was sent to the Congress last May. During that time the need for fundamental reform of the postal system has come to be almost universally recognized, and I suggest that further delay in starting on the road toward postal excellence would be indefensible.

more



## II. Postal Employee-Management Relations

The negotiators have agreed that there should be a statutory framework for collective bargaining in the postal establishment resembling that of private industry.

The people of this nation cannot and will not submit to the coercion of strikes by employees of the Federal Government. Since strikes by employees of the new Postal Service must be prohibited, a workable alternative to strikes must be provided -- an absolutely impartial means of resolving differences between postal management and postal employees without the public being subjected to interruptions in the postal service. That is what the proposed legislation agreed upon by the postal negotiators provides.

I propose that the new United States Postal Service be empowered to engage in collective bargaining with recognized employee organizations over wages, hours, and working conditions generally, with negotiating impasses being finally resolved, if necessary, by binding arbitration.

Determination of national collective bargaining units, recognition of collective bargaining representatives and adjudication of unfair labor practice charges would be handled by the National Labor Relations Board under procedures similar to those that have long been followed in the private sector.

In addition to wages and hours, matters that are subject to collective bargaining would include such things as grievance procedures, final and binding arbitration of disputes, seniority rights, holidays and vacations, life insurance, medical insurance, training and promotion procedures. Employee benefits enjoyed today would be carried forward, and, in the case of rank and file postal employees, any change in such benefits would be subject to the collective bargaining process.

Negotiations over new labor agreements would be expected to begin ninety days before the expiration of existing agreements. There would be a statutory guarantee of final and binding third party arbitration to resolve negotiating impasses after a ninety day cooling-off period, during which time an outside fact-finding panel would try to assist the parties in reaching agreement. Opportunities for mediation and conciliation would also be provided.

All postal employees would retain their full benefits under the Civil Service retirement system and under the existing Federal workmen's compensation laws. The provisions of the Veterans Preference Act would apply, as would the provisions of Title VI of the Civil Rights Act of 1964. The labor standards provisions to which Government contracts generally are made subject would be applicable to contracts entered into by the new Postal Service to the same extent as elsewhere in the government.

Finally, the right of every postal employee to petition Congress would be expressly preserved by statute.

## III. Postal Pay

In many parts of the country -- particularly in our great urban areas -- the pay of postal employees has lagged seriously behind the pay received for comparable work by employees in private industry. The general 6% increase has alleviated that problem for most employees of the Federal Government, but it fails to take into account two important considerations that are unique to the Postal Service:

more



-- The need to offset the limited opportunities for job advancement that most postal workers have traditionally faced.

-- The need to allow postal workers to share the benefits of the increases in efficiency and productivity that should be attainable under a properly reorganized postal system.

These factors played an important part in the thinking of the postal negotiators during their discussions on the pay question.

I propose an additional pay increase of 8% for postal employees, effective immediately upon enactment of the reorganization law, with prompt collective bargaining over pay schedules under which the time required for rank and file postal employees to reach the top pay step in their respective labor grades would be compressed to not more than eight years.

#### IV. Postal Rates

As the new Postal Service will be self-contained, so should it be self-supporting; as it will be non-profit, so should it be non-loss.

If the pay increases that the postal negotiators have agreed to recommend are put into effect promptly, and if postal rates were to remain where they are today, postal expenditures would exceed postal income in 1971 by approximately two and one-half billion dollars.

A postal deficit of this magnitude would be indefensible at any time; during a period when inflation is threatening the economic well-being of every American family, such a deficit would be totally irresponsible.

Less than two weeks ago I proposed a plan for raising first, second and third class postage rates to a level that would bring postal income fully into balance with anticipated postal expenditures. This plan included a proposal for increasing the price of the first class stamp to ten cents. Understandably, the proposed increase met with limited enthusiasm, and I am not insensitive to the widespread concern that this proposal evoked. Nevertheless, the need for the additional revenue exists, and the proposal highlighted the true cost to the user of our mail service.

In the course of negotiations, the parties considered an alternative proposal that would provide a transitional rate policy designed to cushion the immediate effect of the application of the principle of pay-as-you-go on the users of the mail. The alternative approach, to be incorporated in the reorganization bill, would require the general taxpayer to pay 10% of the total cost of the new postal service in the first year. The percentage of taxpayer support would decline each year until the end of 1977, when the mails would be completely self-supporting except for continuing appropriations to reimburse the Postal Service for revenue lost on mail carried for non-profit organizations and other groups entitled by law to use the mail free or at specially reduced rates.

Though the goal would be delayed, acceptance of the principle of a true pay-as-you-go postal service - even in stages - is a fundamental breakthrough.

I would prefer an immediate end to general subsidization by the taxpayer; but since the principles of pay-as-you-go and postal reform are of basic importance, I am ready to accept this gradual but steady approach to that goal.

more



I would also prefer the method of raising most of the needed new revenues from the business organizations that are the principal users of first class mail. Again, however, I consider the principles of pay-as-you-go and postal reform to be overriding, and I am willing to make adjustments in my original proposals so as to raise more revenues from other classes of mail.

In the interest of making realistic progress toward the objective of bringing postal expenditures into balance with postal revenues, I now propose to

- Increase the price of the first class stamp by one third, from six cents to eight cents.
- Keep the price of the air mail stamp at ten cents.
- Increase the average second class postage rate by one half.
- Increase third class bulk and single piece rates by one third (the same percentage increase as first-class).

These rate increases would generate additional revenues of more than \$1.5 billion -- enough, with the temporary 10% contribution by the Federal taxpayer, to put the new, independent United States Postal Service on the road to a sound, pay-as-you-go operation.

#### V. Toward Postal Excellence

Mail users, postal employees and the nation as a whole have gone through a long ordeal in reaching the threshold of basic postal reform -- but we have come a long way.

The Congress is now presented with an opportunity to pass legislation that will bring a new measure of fairness to postal employees, a new efficiency to the system itself, and long overdue equity to the taxpayer.

Neither better pay nor better organization will, in and of itself, guarantee better mail service.

Laws do not move the mail, nor do dollars. What moves the mail is people -- people who have the will to excel, the will to do their work to the very best of their ability.

The United States is fortunate to have such people in its postal system today. As the Postmaster General has urged, these people must be retained; in the years ahead, more like them must be recruited. This legislation would represent an important step toward that end.

Enactment of the legislation that I now propose would give our postal employees the means to attain a goal they have never before had the means of attaining -- the goal of building, in America, the best postal system in the world.

That is a goal worth striving for. With this postal reform legislation, it is a goal that can be achieved. I hope the Congress will lose no time in enacting the laws that are needed to let our postal people get on with the job.

RICHARD NIXON

THE WHITE HOUSE,

April 16, 1970.

# # #



APRIL 16, 1970

Office of the White House Press Secretary

---

THE WHITE HOUSEFACT SHEET  
THE POSTAL REVENUE ACT OF 1970

1. The President has noted, "As the new Postal Service (to be established by the Postal Reorganization and Salary Adjustment Act of 1970) will be self-contained, so should it be self-supporting; as it will be non-profit, so should it be non-loss."
2. With enactment of the Postal Reorganization and Salary Adjustment Act, postal expenditures would exceed postal income in 1971 by approximately \$2.5 billion, unless there is an appropriate increase in revenue to cover the cost.
3. On April 3, the President proposed a plan for raising first, second and third class postage rates to a level that would bring postal income fully into balance with anticipated postal expenditures. The plan included increasing the price of a first class stamp to ten cents.
4. Since the President proposed the revenue increase plan, a policy proposal has emerged from negotiations between the seven exclusive bargaining postal unions and the Post Office Department, under which 10 per cent of the total of the new postal service in the first year would come from the Treasury with that percentage of support declining each year until the service is completely self-supporting, except for public service subsidies specifically authorized by Congress. This would permit a gradual phase-out of the public service write-off now appropriated by Congress, and an assumption of this responsibility by the Postal Service. The target date for this self-support would be the end of calendar year 1977.
5. In view of this policy, which represents a gradual but steady approach to the pay-as-you-go principle endorsed by the President, he has recommended that the cost of a first class stamp be increased from the present six cents to eight cents, rather than 10 cents.
6. The President has proposed that the price of the air mail stamp be retained at ten cents.
7. He has asked that the average second class postage rate be increased by 50 per cent. (Second class mail consists, primarily, of newspapers and magazines.)
8. He has proposed a 33 per cent increase in the basic third class (advertising) mail rate -- the same percentage increase as that applied to first class mail.
9. These increases, plus increases in the rates of several other types of mail, will generate additional revenues of more than \$1.5 billion -- enough, with the temporary 10 per cent contribution from the Treasury -- to put the new, independent United States Postal Service on the road to a sound, pay-as-you-go basis.
10. The rate increases would become effective commencing 45 days after enactment of the bill.

# # #



APRIL 16, 1970

Office of the White House Press Secretary

---

THE WHITE HOUSEFACT SHEET  
THE POSTAL REORGANIZATION AND  
SALARY ADJUSTMENT ACT OF 1970

1. Title I of the proposed legislation would provide for creation of "an independent establishment" in the Executive branch of the Government, appropriately insulated from direct control by the Congress, the White House, the Budget Bureau, or the Treasury, to be known as the United States Postal Service. The independent establishment would be charged with providing a postal system adapted to "the needs of all the people."
2. The operating head of the Postal Service would be a Postmaster General, to be named by nine "Commissioners on Postal Costs and Revenues" (not more than five from any one political party) appointed by the President with the advice and consent of the Senate. The Postmaster General, who would not be a member of the President's Cabinet, would become the tenth member of the Commission on Postal Costs and Revenues and these ten would name an eleventh member, who would be designated Deputy Postmaster General. The eleven-member Commission would have broad authority over postage rates, rates of pay, postal services and postal finances. The Postmaster General would appoint a General Counsel and such Assistant Postmasters General as he deemed necessary.
3. The Presidentially appointed Commissioners would serve for nine-year staggered terms. The tenures of the Postmaster General and the Deputy Postmaster General would be fixed by the Commission on Postal Costs and Revenues.
4. A thirteen-member Advisory Council would be established to advise the Commission on Postal Costs and Revenues on postal rates, service, and compensation. The Postmaster General and the Deputy Postmaster General would be Chairman and Vice Chairman, respectively, of the Advisory Council, and the remaining eleven members would be appointed by the President. Four of the members would represent major mail users, four would represent postal employee organizations, and three would represent the general public.
5. The independent Postal Service would be required to "plan, develop, promote and provide adequate and efficient postal service at fair and reasonable rates and fees," to serve, as nearly as practicable, "the entire population of the United States." It would be prohibited from closing any small post office solely for operating at a deficit, "it being the intent of Congress that effective postal service be insured to residents of both urban and rural communities."
6. The proposed bill would authorize collective bargaining over wages, hours, grievance procedures, seniority rights, holidays and vacations, insurance, overtime, training, safety, leaves of absence, promotions, demotions, transfers and other matters subject to collective bargaining in the private sector, with final and binding arbitration to resolve impasses, in lieu of the right to strike.

MORE



7. Collective bargaining agreements would have a minimum term of two years, with negotiations on a new agreement commencing 90 days before the termination date of the then existing contract.
8. Failure to reach agreement on the terms of a new contract prior to the expiration of the old agreement would result in the appointment of a three-man fact finding board. Labor and management would each select a member of the fact finding board from a list prepared by the Federal Mediation and Conciliation Director and those two would select the third member.
9. At the expiration of a 90-day cooling off period, if there were still no agreement, the impasse would be referred to final and binding arbitration by a three-member board composed of a designee of management, a designee of labor, and a chairman chosen by the first two. The fact finding board would frame the issues to be arbitrated if the parties could not agree thereon.
10. Postal employees would become members of the "Postal Career Service." They would be covered by a newly developed federal merit personnel program which would retain the advantages of the Civil Service but provide for more flexible personnel procedures and greater opportunity for advancement. All employees would retain their full benefits under the Civil Service Retirement system. The provisions of the Veterans' Preference Act and the Workmen's Compensation system for Federal employees would continue to apply. Present fringe benefits would be retained as a floor, subject to improvement through collective bargaining.
11. Political influence on the selection or promotion of postal personnel or on the management of postal affairs would be prohibited, but the right of postal employees to petition Congress would be expressly preserved.
12. The Postal Service would be empowered to raise up to \$10 billion through the issue of bonds.
13. Final decisions in postal rates and postal services would be made by the nine public members of the Commission on Postal Costs and Revenues, after hearings by a three-man Rate Board, subject to veto by two-thirds of either House of Congress within 60 days after the decision by the Commissioners.
14. The Postal Service would be required to be generally self-supporting by January 1, 1978.
15. Title II of the proposed bill would provide an 8% pay increase to Postal employees and would require the Postal Service to negotiate a new wage schedule compressing from 21 years to 8 years the time required for a rank and file employee to move from the bottom step of his grade to the top step.
16. Promptly after enactment, collective bargaining will be required on wages, hours, and working conditions.

# # #